



November 13, 2017

VIA ECFS

Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

Subject: *Ex parte presentation – WC Docket No. 10-90
CAF Phase II competitive bidding auctions Public Notice*

Dear Ms. Dortch:

This follows up on our October 31st, 2017 visit with Commission staff¹ regarding the Connect America Fund (“CAF”) Phase II auction procedures public notice.² Specifically, this letter further explains Hughes’s objections to the inclusion of package bidding in the CAF Phase II auction. First, the CAF-II auction is not the proper forum to experiment with package bidding. The Commission has generally eschewed package bidding in its auctions because of the complexity that it would entail, and this auction will be the first reverse auction of recurring support ever to be held by the Commission. Many of the bidders in the CAF-II auction never will have taken part previously in a Commission auction. Package bidding would be even more complex in the CAF-II auction because of the overall budget under which this auction will operate. The budget necessitates that the Commission give itself the flexibility to accept part of a package bid but not all of it, and seeks comment on the maximum scale percentage that bidders should be permitted to specify for package bids. This is exacerbated by other auction rules, such as the activity rule and switching rule, that could act as barriers to unbundling package bids.³

In sum, as the Commission is well aware (for example, from preparing the sixteen various examples discussed in the Commission’s Technical Guide on Proposed Procedures for the CAF-II Auction⁴), the complexity of this auction will be great. For all of these reasons, the Commission should not include package bidding in the CAF-II auction.

¹ See Letter from Jennifer A. Manner, Hughes, to Marlene H. Dortch, FCC, WC Docket No. 10-90 (filed Nov. 1, 2017).

² *Comment Sought on Competitive Bidding Procedures and Certain Program Requirements for the Connect America Fund Phase II Auction (Auction 903)*, Public Notice, 32 FCC Rcd 6238 (2017) (“Public Notice”).

³ The Public Notice does not clearly allow the unbundling of package bids until after the clearing round. *Id.* at ¶ 127.

⁴ *Technical Guide on Proposed Bidding Procedures for the Connect America Fund Phase II Auction (Auction 903)*, Public Notice, 32 FCC Rcd 5812 (WCB 2017).

Please direct any questions regarding this filing to the undersigned.

Sincerely,

/s/

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Senior Vice President, Regulatory Affairs

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